

ID: CCA\_2011051108245637

Number: **201123033**

Office:

Release Date: 6/10/2011

UILC: 6221.00-00

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**From:**

**Sent:** Wednesday, May 11, 2011 8:25:02 AM

**To:**

**Cc:**

**Subject:** RE: TEFRA - Penalties asserted against LLC

It appears that the partnership was negligent and that as a consequence penalties should be determined at the partnership level based on the knowledge and behavior of the managers responsible for the incorrect reporting. The fact that other managers were innocent can lead to their being forgiven for the partnership-level determination of penalties based on their partner-level defenses to the penalty under Treas. Reg. 301.6221-1(d), e.g., lack of knowledge of the incorrect treatment and reasonable cause/good faith in claiming the items on their Schedule K-1.